

801.1(a)(2)

WRITER'S DIRECT DIAL NUMBER

December 6, 1989

VIA HAND DELIVERY

Mr. Patrick Sharpe
Premerger Office
Federal Trade Commission
Washington, D.C. 20580

This letter is subject to
the provisions of
Section 105 of the Clayton Act
which restricts release under the
Freedom of Information Act.

Re: 16 CFR 801.01(a)(2) - Exemption of
Foreign Governments from "Entity"

Dear Mr. Sharpe:

This is to confirm our telephone conversation of
November 29, 1989.

Our client, Company "A," a non-U.S. industrial corporation,
is negotiating a joint venture for the United States with
Company "B," another non-U.S. industrial corporation. The
contemplated transaction will be reportable under the Antitrust
Improvements Act.

The issue we discussed on the telephone deals with the
determination of "ultimate parent entity" in respect of "A."

1. Facts. Substantially all (more than 90%) of A's
outstanding shares are owned by a foreign city, a municipal
corporation, existing under the laws of a foreign country. The
foreign city holds A's shares in a separate, segregated fund
identified by the name of A's founder and entitled "[Founder's
name] Foundation." This foundation is not a legal entity
separate and apart from the city, but the income from this fund
is earmarked solely for charitable, eleemosynary and public
purposes within the city.

2. Conclusion. After consulting with Richard Smith, we
concluded that the "ultimate parent entity" in this case is "A"
and not the city which owns A. This conclusion is based upon
Section 801.1(a)(2) of the Commission's Rules which exempt


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from the definition of the term "entity" any foreign state,
foreign government or agency thereof."

In reporting the contemplated transaction on behalf of A we
intend to rely on the foregoing interpretation of the
Commission's Rules.


Very truly yours,



NMB/slc

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IF city is municipal corporation, isn't the
city, the corporation and entity and therefore
the UIE? YES

 called and said she used
the term corporation loosely and that
in fact the city was not a corporation.